

DRAFT
PUBLIC ASSISTANCE PROGRAM INTEGRITY/FRAUD PREVENTION
SUBCOMMITTEE

February 12, 2004

Attendance:

Rick Zynda, DHFS/DHCF/BEM; Richard Basiliere, Outagamie County DHHS; Chloe Bodine, DHFS/DHCF; Gene Kucharski, Portage County; Charles Billings, DHFS/DHCF; Barry Chase, DHFS/DHCF; Richard Eddings, Dane County; Nancy Foss, DHFS/DHCF; Sandy Leonard, Interstate Reporting Co.; Jodi Ross, DHFS/DHCF; Fay Simonini, DWD/DWS/PACU; Virginia Wiedenfeld, Richland Co.; Pam Vassh, Racine County

Phone In attendees:

Mike Poma, Milwaukee Co.; Jim Borgerson, Douglas County; Gloria Guitan, Milwaukee Co.

The meeting was called to order by Rick Zynda.

The minutes of January 8, 2004 were discussed and approved for publication.

New Members:

Chloe Bodine, DHFS/DHCF/BEM is a new member of the committee.
Pam Vassh, Racine County, substituted for Mary Mireles at the February meeting.

Administrator's Memos Status:

2004 IM Contracts-Program Integrity/Fraud Prevention funds

Administrators Memo

Rick Z. reported the memo containing the 2004 Model Fraud Plan and allocations for Fraud, MA Transportation and Burial, has not yet been issued. It is currently under review by WCHSA. The local agency Fraud Plan due date will be adjusted to 45 days after the issuance date of the Administrators Memo.

Benefit Recovery Administrators Memo

Rick Z. and Fay S. reported that the memo is still in the management review process at both DHFS and DWD. It will probably be ready for publication sometime in March.

Credit Bureaus: State Contracts and Local Agency Use

Subcommittee discussed the access to credit bureau reports for state and local staff. Rick Z. noted that DES initiated contracts with credit bureaus in the

late 80's on behalf of local agencies. When DES was reorganized into DWD, Child Support (CS) and Unemployment Insurance (UI) participated. With the separation of work programs in DWD and Food Stamps and MA into DHFS, UI and CS entered into separate contracts for credit reports. All credit bureau contractual costs for public assistance programs shifted to DHFS.

Chloe B. and Jodi R. reported they are attempting to sort out what programs in DHFS and DWD are generating costs relative to the credit bureau billings. They note that the Bureau of Eligibility Management (BEM) in DHFS receives billings from 3 credit bureau sources: Computer Sciences Corp. (CSC), TransUnion and Maximus. *(Note: IRS was mentioned as a 4th source, but those billings refer to data exchange costs)* Outagamie Co. uses Abacus to connect to the 3 credit bureaus *(Note: state staff later determined that Abacus is the entry point agencies use to access the mainframe computer system on the initial screen, which then allows access to the 3 credit bureaus)*

Extensive discussion followed regarding the merits of the 3 primary sources of credit reports and alternative sources used by DWD/PACU and local agencies. It was generally agreed that TransUnion offers the best source of credit information for Wisconsin, but the quality of data is similar from all the sources. Also it was noted that CSC appears to be the least costly and Maximus the most costly. Jodi and Chloe are trying to find out which programs are using the credit reports and how local usage can be coded to separate costs incurred under the contracts. Preliminary analysis indicates that about 10 counties are generating the bulk of the costs.

Local agencies use the credit bureaus to locate information about earned income, property/assets, addresses, household members, etc. The information often provides leads to other sources of data.

Fay S. volunteered to bring information back to the subcommittee regarding alternative sources of credit report information that may be less costly and better focused to what local agencies need.

On a side issue, Gene K. noted that local investigators find license information from the Department of Transportation (DOT) very valuable for verifying residence and identifying individuals and requested that the subcommittee consider the merits of establishing a data exchange with DOT for license information. Child Support agencies have query access to DOT. Rick Z. asked Barry C. if a computer matching agreement (CMA) would be needed. Barry responded that a CMA would probably be required. Charles Billings noted that a match with DOT had been considered years ago, but the fact that DOT's database did not contain verified SSN's tended to make a match relatively ineffective and labor intensive. Gene responded that local investigators want a query for immediate response rather than a match. The subcommittee asked Barry to place the request for a DOT query on the

agenda of the DHFS/DHCF CARES Data Exchange Workgroup for consideration.

Change Reporting Policy - Interpretations

- Rich B. requested a Food Stamp program policy interpretation relative to the reduced change reporting requirements. Discussion centered on the application of reduced change reporting for FS and the requirement for caseworkers to take immediate action on changes that they become aware of due to data exchanges or other third party sources. The policy issue may be summarized as follows: *Can an overpayment result between reviews if an applicant provides false verification in response to a worker's proper request for verification of information received from a third party – if the verified information would not cause the household income to exceed 130% FPL but timely processing of the information would have caused a substantial reduction in the FS allotment prior to the next review?*

Barry C. indicated a false verification by the applicant in response to a valid request for verification of third party information might result in an overpayment – as well as an IPV. He stated he would take the issue back to the FS Policy Section in BEM for review and confirmation.

Note: FS Policy Unit is researching and bundling this issue with related overpayment issues to be addressed in an Ops Memo projected for release in late March.

Increase Child Care Claims Activity

Fay S. noted that that ChildCare may be moving toward FS reduced reporting requirements. She also noted Milwaukee County has significantly increased ChildCare claims activity with over \$400,000 in new claims in the last 2 months.

Gloria G. responded that Milwaukee has been finding considerable child care fraud. She noted that staff was concerned about new change report policies for childcare. She referenced BHCE/ BWP OPS Memo 04-04 (02/02/04). There was discussion among the subcommittee about increased pressure being placed upon childcare administration from various groups and very limited resources available to administrators for program monitoring and fraud prevention activities.

Rick Z suggested that subcommittee members review Ops Memo 04-04 for discussion in the next meeting.

Issue Papers

Two draft issue papers prepared by Rich B. were distributed to the members for discussion. Rick Z. noted that time was running short for the subcommittee to make formal recommendations to IMAC, in order to be considered for the 2005 IM Contracts, and the next biennial budget. He indicated that final drafts should be prepared during next month's meeting on March 11, for presentation at the March 18 IMAC meeting.

Issue paper #1 concerned program structure and issue paper #2 addressed funding.

Rich B. reviewed the draft issue paper #1 regarding the operational structure for program integrity. The paper proposed 3 structural options as follows:

1. Local agency operation with designated (dedicated) staff in each agency
 - If agency is unable to support a designated staff person, it could:
 - Join a consortium with other agencies, with state facilitation
 - Contract with the State for program integrity services
 - Pros:
 - Good cooperation among participants
 - Accountable to local administration
 - County keeps retention money
 - County better able to select best people for the agency
 - Eliminates gatekeeper between worker and investigator
 - Under the state contract option, possible better coordination of investigators with DA and DHA staff, who are also state employees (added by Rick Z.)?
 - Cons:
 - Less flexibility to adjust to policy changes
 - Requires more funds to operate
 - Requires extensive training
2. State operated program
 - Pros:
 - Easier to train staff
 - Statewide uniformity in procedures
 - More flexibility to uniformly implement policy changes statewide
 - Lower cost to operate/smaller number of staff
 - Workload reduction for counties
 - Cons:
 - Requires strong communications and coordination with county staff
 - Possible reduction in county staff participation due to communication complexities between state and county
 - Probably lower number of referrals
 - Possibly less cooperation with DA's

3. State operated benefit recovery unit and designated county investigation staff:

- Pros:
 - Consistency in calculating overpayments, dealing with clients, and ensuring proper notice
 - Workload reduction of local staff, allowing time to pursue revenue generating activities
- Cons:
 - Unawareness of potential evidence leading to other errors
 - Increased staff time in testifying at fair hearings or court proceedings
 - Requiring the transferring of an extensive amount of information between local and state agencies

After extensive discussion about how the various options differed from each other and from the current structure, Nancy F. advised the subcommittee to focus on the best structural model to recommend to IMAC and then address the funding issues. She noted that if the group recommended 3 or more operational models with proposed costs for operation. Without clearly identifying the best choice, the logical choice for IMAC would be the least costly model.

The subcommittee agreed that it needed to focus on the best structural model. The next meeting should be primarily devoted to finalizing the details of the recommended structural model.

Recommended Option for Structural Model:

After discussion, the subcommittee generally agreed that Option #1 for designated staff at the local level to operate the program integrity program would be the recommended structural model.

- The program structure will require strong state supervision of policy
- State calculation of overpayments and claims collection would be included as an option to the local agencies
- Local agencies may have the option to turn local program over to state for state operation

Rich B. volunteered to prepare a new draft on the proposed structural model for distribution in about a week to the subcommittee members for comments.

Rich B. also volunteered to prepare two separate draft issue papers on funding the program and on the statewide supervision and monitoring of the program.

Funding Issues:

Rick Z. stated that he had previously reported to IMAC that the subcommittee had agreed that Program Integrity and Fraud Investigation funding should be combined into one allocation.

Nancy F. asked when the LAB report would be available and if the subcommittee members could receive copies of the report by email. Rick Z. stated a draft might be released by LAB next month.

Fay S. has run reports on collection revenues and projections for the year.

Final Comments:

Members advised to give comments and recommendations to the draft issue papers that will be distributed and to come to the next meeting ready to finalize recommendations.

Meeting Adjourned

Next Meeting: March 11 – 9:30 am – 12:30 pm – WI Dept. of Agriculture Building – Board Room

Barry Chase
2/20/04